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C O N F I D E N T I A L SANAA 001890

DEPT FOR NEA/ARP: AMACDONALD

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TAGS: ETRD EWWT PBTS YM

SUBJECT: PORT OF ADEN'S DEVELOPMENT SQUEEZED BY SECURITY

AND PIRACY

REF: SANAA 1840

Classified By: Ambassador Stephen Seche for reasons 1.4 (b) and (d).

11. (C) SUMMARY. The port of Aden struggles to regain its stature as an essential regional hub in the midst of new management and ongoing security threats. Although the strike against new Aden Container Terminal manager Dubai Ports World appears to have been resolved, endemic corruption still affects all business, and security concerns limit passenger traffic into the port. Piracy attacks in the region threaten to halt port development even more and lax security at the ports emphasizes the need to firm up Yemeni border controls. END SUMMARY.

## PORT OPERATIONS

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- 12. (U) Commercial operations have returned to normal at Aden Container Terminal (ACT) after Dubai Ports World (DPW) gave striking employees an ultimatum to return to work by noon on November 17. The port was operating normally when toured by Poloff on November 18. ACT employees were unhappy with the conditions of DPW's employment contract, but threats by the company to bring in third-party replacement workers brought most employees back to work prior to the deadline.
- 13. (C) Corruption and security issues continue to threaten port development. According to Nigel Chevroit, Group Shipping Manager for Hodeidah Shipping and Transport Company, corruption interferes with all aspects of business at the port. Describing corruption as "appalling", Chevroit told Emboff that to do business he must pay-off the harbor master, ports authority, customs, and the Yemeni Coast Guard. (Comment. The Yemeni Coast Guard is generally regarded as less corrupt and more transparent than most governmental agencies due to its reliance on and desire to continue to receive British and American assistance. End comment.) When pushed, however, Chevroit conceded that the pay-offs are more of an annoyance and not enough to disrupt business.
- 14. (C) Passenger traffic in the port of Aden is unlikely to dramatically increase, despite calls from Yemeni officials to bring back the tourists (see reftel). Port Development Adviser for the Port of Aden Roy Facey told Poloff that there are approximately 15 passenger ships a year that disembark in Aden and security is "rudimentary" at the passenger terminal. Passengers walk directly through the terminal, and more consideration is given to welcoming the visitors than to safety and security. Chevroit said that he often gets word from the cruise liners after departing the port that "everything went ok, but we did not feel secure." Chevroit also noted that security at the container terminal entrance is lax.

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15. (C) During a November 18 meeting, Aden's Governor Adnan al-Jefri said that piracy was too big a problem for Yemen to handle alone and Yemen needed help from the international community. (Note: Governor al-Jefri stated that he was unaware of the Yemeni Foreign Minister's public concern about the presence of Western warships in the Gulf of Aden. End note.) In a similar note, Yemen Coast Guard (YCG) Commander in Aden, Colonel Lutf al-Baraty, told Poloff that he is unable to stop even a small amount of the illegal smuggling from Somalia, let alone go after pirates in deeper waters. Meanwhile, commercial ships are traveling closer into Yemeni territorial waters for protection by the YCG. On November 17 the YCG released a memorandum warning commercial ships not to fire upon suspected pirates. The YCG had received several reports of genuine Yemeni fishing boats being fired upon by commercial vessels that misconstrue them as pirates.

## COMMENT

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16. (C) A viable port is essential to Aden's development, but, at least in the near future, the governorate's growth will continue to be squeezed by security concerns from ongoing piracy in the Gulf of Aden, especially if insurance premiums continue to rise and make business through the passageway unviable. Perceived lax security at the passenger and container terminals underline the importance of supporting border control initiatives in Yemen. END COMMENT.

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